GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3301
ANSWERED ON:12.05.2006
GROWTH OF AGRICULTURE CREDIT
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Will the Minister of FINANCE be pleased to state:

(a) the growth of agricultural credit in the country during the last year and the current year, State-wise;

(b) whether all the farmers are likely to be covered as per the announcement made by the Government recently in the budget to provide loan to farmers at the rate of 7%;

(c) if so, the upper limit of the aforesaid loan; and

(e) the criteria adopted for sanctioning of loan to farmers?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a): The total Ground Level Credit(GLC) flow to agriculture in the country during 2004- 05 and 2005-06 is Rs.1,25,309.37 crore and Rs. 1,57,479.57 crore (provisional) respectively. The overall agricultural credit disbursement has recorded a satisfactory growth of around 26% as on 31th March, 2006. The banking system has set a target of Rs. 1,75,000 crore for disbursement during the current financial year. Latest available data in respect of State-wise details of credit flow to agriculture during 2004-05 is furnished at Annex.

(b) and (c): As per the announcement made in the budget for the year 2006-07, all the farmers who avail of short term production credit from Co-operative banks, Regional Rural Banks and Commercial Banks will be provided crop loans at 7% with an upper limit of Rs. 3.00 lakh on the principal amount.

(d): Crop loans to the eligible farmers are sanctioned on the basis of scale of finance fixed by the District Level Technical Committee. The scale of finance is fixed for all crops i.e. Kharif Rabi, Summer crops, etc. grown in the District . Similarly, investment credit to farmers is sanctioned based on the unit cost fixed by the State Level Unit Cost Committee.